# EVALUATION OF THE LOCAL IMPACTS OF PERIPHERAL SHOPPING CENTRES

Prepared For

Alberta Municipal Affairs

By

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# INTRODUCTION

Many shopping centres have been built in the suburbs of Alberta's towns and cities and they have changed the way of life and the shopping patterns of most Albertans. The enclosed shopping centre was so enthusiastically received in the province over the last decade that Alberta has considerably more shopping centre space per capita than any other province. The long-term effect of these shopping centres, however, has never been examined in any great detail.

The Alberta Department of Municipal Affairs has therefore decided to undertake an empirical study of the expected and actual impacts of shopping centres. The Department has chosen to begin this study by focussing on moderately-sized towns and cities with resident populations of 6,000 to 25,000 people (for purpose of this document these municipalities are referred to as small municipalities). This was done in the belief that it would be easier to discern the direct and indirect impacts of a shopping centre in a smaller rather than a larger community and to separate these impacts from the other forces operating on the retail pattern of these communities.

Clayton Research Associates was commissioned by the Department to prepare a methodology to evaluate the actual record of existing shopping centres and to compare actual impacts with the original expectations of the community. The Department plans to select a community where a shopping centre was built a few years ago on its periphery, and where impacts will have had time to develop, and then test and fine tune the methodology in a case study.

This document outlines the impact methodology. It is based on the requirements of the Department, on an initial investigation by Clayton Research of the historical data base of some possible case study communities, as well as on Clayton Research's extensive experience conducting retail and municipal finance studies.

The impact methodology is divided into four chapters and two Appendices. Chapter 1, Introduction, outlines the study objectives, typical impact issues and general approach. Chapter 2 outlines the first step in the case study, the identification of the potential impacts in the selected community. The next two chapters outline how these impacts may be investigated and quantified (Chapter 2 deals with retail market issues and Chapter 3 with municipal finance issues). Chapter 4 outlines the final step of the case study, assessing the implications of the impacts and the community's experience with them. Appendix A is a brief analysis of some Alberta towns and cities that could serve as case studies and Appendix B is a checklist of some of the questions that should be asked in the interviews with the people who participated in or are knowledgeable about the shopping centre approval process.

## OBJECTIVES OF THE CASE STUDY

The case study to be undertaken by the Department of Municipal Affairs has both an empirical and a practical objective.

The empirical objective is to evaluate the effectiveness of the development approval process in determining whether specific shopping centre proposals were in the public interest.

The practical objective is to test and fine tune the methodology outlined in this document. The refined methodology may eventually be applied by Regional Planning Commissions and municipalities.

The empirical objective involves an investigation of the following types of questions: during the debate about the construction of the peripheral shopping centre, how and in what manner was the public interest defined? Was the shopping centre perceived as being consistent with this public interest? What role did the local planning process take in determining whether the peripheral shopping centre was consistent with the public interest? What impacts were forseen and accepted as a legitimate consequence of progress? What impacts were mitigated, either at the time of approval of the shopping centre or, at a later date, when the magnitude of the impacts became unacceptable?

## TYPICAL IMPACT ISSUES

When a shopping centre is proposed in a small community, a vigorous debate usually develops about its future impact on existing retailers and on the community itself. Generally the arguments are strongly pro or con.

Among the positive benefits of a shopping centre, the mall's proponents and supporters may direct attention to:

- The proposed shopping centre will have a negligible impact on existing merchants. The reasons may include the following: (1) the shopping centre will provide different services than those currently available in the community; (2) the retail market potential is currently underserved by stores; and (3) the local economy will grow so rapidly that it can absorb the new retail space without any detrimental impacts.

- The proposed shopping centre will capture increased trade for the municipality. With its new stores and services and its greater range and depth of merchandise, the centre will extend the trading area of the community. By attracting new sales to the town, and by preventing as

much leakage of the community's spending to the "big city", new activities of a higher level or "threshold" can now be supported.

- The shopping centre will bring new employment to the community.

- The peripheral shopping centre, with its free parking, will be more convenient to the community and the residents of the trading area than the cramped downtown retailing.

- The centre will bring additional assessment to the community and the property taxes that the shopping centre pays will help to reduce the tax burden on its residents.

The detractors may be equally adamant about the negative effects of a peripheral shopping centre:

- The proposed shopping centre will be too large for the market to support and, for this reason, it will cause serious problems for the existing merchants. These merchants are the backbone of the social and community life: unfair competition from the climate controlled centre, its ample free parking and its chain stores will destroy the social fabric of the town. (Note: Regional and national chain stores generally seek out a mall as they have retail modules that are adapted to a mall environment).

- Downtown and its merchants will be destroyed if competition for their market is permitted. The major stores that anchor the downtown commerce and generate the traffic for the other merchants there will be attracted to the shopping centre. After they leave, commercial blight will set in the downtown. Thus, the shopping centre will deter needed renovation and renewal in the old heart of the community and public funds will be needed to stop this blight and reinvigorate this important centre of community life.

- If the community levies a business tax, it will lose revenues from the businesses that will be shut down in the central area.

- The shopping centre should not be allowed to locate on the urban periphery for sound planning reasons. It would be better for all concerned if it were forced to locate in or near the existing downtown. One dynamic retail concentration is better than two separate, competing areas.

In the case study community of course, other issues and arguments may have been raised for and against the proposed shopping centre but these are likely to encompass the major ones.

The case study will identify the particular issues and arguments, investigate their accuracy and assess what can be learnt from how the community came to terms with its difficult trade-offs between the new opportunities at the periphery and the possible urban blight at the core, as well as between urban structural change and possible market impacts.

## SELECTION OF A COMMUNITY FOR THE CASE STUDY

The first step for the Department of Municipal Affairs will be to select a community where the methodology outlined in this document may be applied. Appendix A outlines some of the thought that has already been given to the selection of an appropriate community. The Appendix identifies some communities where a vigorous debate occurred over the construction of a shopping centre and where impacts have been attributed to its construction.

## HOW TO CONDUCT THE CASE STUDY

It is recommended here that the case study should be conducted in the following steps (see Figure 1):

1. Identify the Potential Community Impacts (Chapter 2)

   Step 1 involves the assembly of a chronology of the events that occurred and the issues that were discussed prior to the construction of the peripheral shopping centre. The source of this information will be existing documentation (largely in the municipal archives) as well as interviews with key decision makers in the development process and other knowledgeable people (e.g., local newspaper editor, owners of downtown businesses in existence at the time).

2. Investigate and Quantify These Impacts (Chapters 3 and 4)

   This involves establishing a causal link between the development of the centre and its community impacts. Chapter 3 explains the methodology to investigate the retail impacts (step 2) and Chapter 4 outlines the methodology for the municipal finance impacts (step 3).

FIGURE 1

SCHEMA OF THE FIRST APPLICATION
OF THE IMPACT METHODOLOGY

1. SELECT CASE STUDY COMMUNITY (Appendix A)

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2. CONDUCT CASE STUDY

2.1 What Happened? (Chapter 2)

- Examine documentation; and
- Conduct interviews (Appendix B)

Reassess choice of community

2.2 Investigate and Quantify Retail Impacts (Chapter 3)

- Was there sufficient market growth to support more retailing?
- What impacts occurred on other merchants, notably in the downtown? and
- What other significant impacts occurred?

Comparisons with other case studies may be required

2.3. Investigate and Quantify Municipal Finance Impacts (Chapter 4)

- Who paid the capital costs of municipal infrastructure?
- Does the shopping centre "pay its way" in terms of municipal costs and revenues? and
- Are there offsetting costs and revenues?

2.4 Assess Implications (Chapter 5)

- Degree of impact and success of impact mitigation; and
- Role of the planning process

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3. CRITICALLY REVIEW METHODOLOGY IN LIGHT OF CASE STUDY EXPERIENCE

3. **Assess the Implications of the Community's Experience with its Peripheral Shopping Centre** (Chapter 5)

   Step 4 involves drawing conclusions about the extent of the shopping centre's impact on the selected community (Was it within acceptable and tolerable limits? Did it cause more or less problems than expected?). There should also be an assessment of the role of the planning process in anticipating, mitigating and deflecting these impacts.

When the case study has been completed, the final step for the Department of Municipal Affairs will be to critically examine the effectiveness of the methodology outlined in this document in addressing these public interest issues. Where appropriate, the Department should amend the methodology based on the experience obtained in its first application. Minor adaptations will likely have to be made to the methodology in each case study since local circumstances and data sources often differ.

## CAVEAT

Ultimately the Department of Municipal Affairs wishes to use the information it gathers to improve the future planning and decision making about shopping centres in the province. However, due to the complexity of the economic impacts, and the apparent variety of experience in Alberta's towns and cities, one case study is not likely to provide sufficient experience.

## STEP ONE: IDENTIFICATION OF THE POTENTIAL COMMUNITY IMPACTS

### PURPOSE

The purpose of step one is to identify what happened (the chronology of events about the peripheral shopping centre in the case study community) and to understand the issues that were raised about its possible impact.

### TASKS

#### Create a Chronology of Events Relating to the Shopping Centre's Construction and its Aftermath

The chronology should contain basic facts such as:

- When was the centre first proposed?
- When was the centre constructed? If there was a delay was the delay due to market, planning or other factors?
- What was its size and merchant mix at construction and was this different from what was first proposed? And why?
- If it was expanded, when and in what fashion?
- When were the impacts first noticed? and
- What was done about these impacts? For instance, if there was a downtown improvement process, when was it first proposed and implemented?

#### Identify the Impact Issues

This involves investigating the discussion that surrounded the shopping centre's construction and identifying all of the more significant impacts that were predicted at the time.

## SOURCES

Two sources can be used to reconstruct this historical record: (a) municipal documents, newspaper reports, and information prepared by the developer; and (b) interviews with knowledgeable individuals.

### Documentation

The following documentation should be reviewed:

- Council's debate as recorded in the Council minutes about the shopping centre application. The researcher should pay special attention to the enabling by-law and development agreement;

- Records of the Municipal Planning Commission, the Regional Planning Commission or the Municipal Affairs planner's files (depending on the status of the community). Special attention should be paid to: (1) the agency comments that were received on the General Plan and zoning by-law changes that were probably needed; (2) the planning advice received by the community (e.g., was there any attempt to mitigate any impacts before the centre was constructed by reducing its size, for instance?); and (3) how the public interest was discussed and defined;

- The various editions (updates) of the General Plan, notably their changes in policies relating to retailing, shopping centres and the downtown, along with any appropriate background material on which these policy changes were based;

- The documentation that was submitted by the developer in support of the application. Of special interest would be a market report that justified the development of the shopping centre;

- The documentation that was submitted by the centre's supporters and its detractors (in the municipal archives). Special attention should be paid to the downtown retailers' opinions as well as those merchants at the time near the location of the proposed shopping centre;

- Accounts of public meetings, articles and letters to the editor on the issue in the local community newspaper;

- The files of any consultant who was employed on the project for market or planning advice;

- The files of any business association, the residential associations, and any other community group that was involved in the debate about the shopping centre, or were involved after it was constructed;

- Any relevant material in the files of the developer of the shopping centre;

- Any class projects that may have been carried out by local schools or community colleges; and

- If a downtown improvement project has been considered or implemented, any documentation and costing should be reviewed, as well as the reasons for the improvements (was the shopping centre the villain?).

After this material has been examined, the Department of Municipal Affairs should take the opportunity to reassess its choice of a case study community. Another community should be considered for the first application of the impact methodology if: (1) the historical material proves to be more limited than expected; (2) the record shows no significant impact debate; or (3) it begins to appear that the subsequent impacts of the shopping centre were neither large nor clearly distinguishable.

The documentary material collected to this point should indicate the individuals who were involved in the shopping centre debate and who should be contacted in the next stage.

## Interviews with People Involved in the Shopping Centre Debate

Direct personal interviews should be attempted with the principal actors in the shopping centre approval debate to "flesh out" the documentary material. Interviews should be conducted with as many people as possible, because one person's positive impact could be another's negative impact.

The following is a list of primary contacts:

- Council members (politicians), those who made the decisions about the shopping centre and those who were involved in any investigation and debate about its impacts;

- Various municipal staff, such as the clerk or chief administrative officer, the treasurer, the engineer and the planner;

- The original shopping centre owner or developer and the current mall manager;

- Business and community leaders, the Chamber of Commerce and other business associations where appropriate (notably those identified in the documentation and in the interviews with the municipal officials); and

- Regional and provincial planning officials and their planning consultants where appropriate. A special attempt should be made to trace down the actual people who were working within the planning process during the debate on the shopping centre.

Appendix B is a check-list of some of the questions that should be asked during the interviews. Special attention should be directed at separating the initial perceptions of the shopping centre before it was built from the impressions based on the subsequent experience of its operation.

During the interviews, specialized information for the retail market impacts and the municipal finance impacts may also be collected where appropriate. For instance, during the interview with the treasurer, old municipal financial statements and capital budgets can be obtained and reviewed.

Because of the nature of the objectives of the case study, i.e., the investigation of the effectiveness of public policy decisions, as well as the need to probe in-depth on key planning and market issues, a personal interview is more appropriate than a questionnaire for the various individuals noted above. A face-to-face interview is also preferable to a telephone interview under most circumstances.

As it is to be expected that recollections will dim over the years, primary reliance should be placed on the official record.

All interviews should be fully documented in writing.

PRODUCT

At the end of this step, the following knowledge should be available:

- The historical sequence of events surrounding the shopping centre;

- The issues discussed about the shopping centre; and

- Opinions of the shopping centre's impacts, both prior and subsequent to its construction.

## STEP TWO: INVESTIGATION AND QUANTIFICATION OF RETAIL MARKET IMPACTS

### PURPOSE

Opinions about the specific retail impacts, on the merchants and on the urban structure of the community both prior and subsequent to the shopping centre's construction will have been collected in the previous step. In this step in-depth research is done to indicate the extent to which these impacts actually occurred. This will not be an easy task since other economic and market forces in addition to the new peripheral shopping centre have probably influenced the retailing environment; the challenge will be to identify changes and impacts solely attributed to the shopping centre.

### TASKS

Methods of investigating the following retail impacts of a peripheral shopping centre are outlined in this chapter:

- Was there sufficient market (economic) growth to support additional retailing, like the shopping centre? (If the answer appears to be negative, at least during the early years of the shopping centre's operation, then the next question becomes very important);
- What impacts occurred on other merchants, notably in the downtown? and
- What other significant impacts occurred? (such as the number of new jobs created).

A number of yardsticks may be used to measure these impacts:

- To estimate the amount of impact, a comparison of three relevant dates in the community's retail profile should be used: (1) the year before the centre was constructed; (2) the year after construction was completed; and (3) the current year;
- To infer whether retail growth has been different from the experience in the remainder of Alberta, the retail sales growth in other communities of the same approximate size range as the case study community, as well as all of Alberta may be used; and

- To indicate whether the experience with the retail impacts was unusual, experience of the retail impacts in another community of the same relative size may be used.

METHOD: WAS THERE SUFFICIENT MARKET GROWTH TO SUPPORT MORE RETAILING, LIKE THE PERIPHERAL SHOPPING CENTRE?

Ideally, the developer should have supplied the municipality with the following information in support of the peripheral shopping centre application: the size and nature of the development; the expenditure potential in the community and its trade area; projected growth in this potential; the amount of existing retail space; and an indication that the growth in the market potential would be sufficient to support what was being proposed without undermining the retail base of the existing merchants. Unfortunately, in many instances this market documentation was not required by the municipality.

If background material exists, then the subsequent comparison of what actually happened with what was expected will be much simpler. If such documention was not requested, or has been lost, then this information must be estimated. The thrust of this market analysis will be to estimate the growth of potential retail and service spending for the community and its trading area.* If the growth in the expenditure potential was not sufficiently large to support a new shopping centre, at least for a few years after its construction, then it follows that the sales productivity (i.e., sales per square foot of selling space) of other merchants in the community were negatively affected.

It is assumed here that a retail market study was not submitted by the shopping centre developer. The steps to estimate the growth of the community's expenditure potential include the following:

- Define the trading area of the community;
- Determine the population of the community and its trading area;
- Estimate the per capita retail and service spending of the community and its trading area, using:
  - Average incomes;
  - Retail and service trade data;
  - Retail sales; and
  - Expenditure elasticities.

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* The strict definition of retail excludes services such as hair salon, etc. Here the definition is broadened to include service activities which are commonly found in shopping centres.

- Multiply population times per capita expenditure to estimate the total expenditure potential of the market.

Each of these steps is discussed below.

Trading Area of Community (year before construction, year after construction and current).

Reilly's "Law of Retail Gravitation" can be used to estimate the boundary of the trading area before and after the shopping centre. A reasonable estimate of the location of the dividing line between the trading areas of the case study community (Community A) and any rival, nearby competing community (Community B) is equal to the distance between them divided by one plus the square root of the attraction of one centre over the attraction of the other.*

$$\text{Break point from community A} = \frac{\text{Distance between Communities}}{\sqrt{1 + \frac{\text{Attraction Community B}}{\text{Attraction Community A}}}}$$

Attraction may be approximated by the number of stores in each community or by their sales of department store type merchandise (DSTM - see below). Because the number of stores, or the DSTM sales, is likely to be different before the construction of the shopping centre and in the period after its construction, the trading areas defined by the "Law of Retail Gravitation" will be different for these two periods. The resulting trading area may be compared with (1) the opinions of business leaders about the area they were serving (from the interviews) and (2) a current trading area survey.

Current trading area: Shoppers at the mall and in the downtown should be interviewed on the same day, preferably a Saturday. Ask them the nearest intersection to where they live or the local rural neighbourhood where they live. The responses should be mapped to define the community's current trading area. A trading area is usually defined to include at least 80 percent of the people who would shop at a retail centre on a regular basis.

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* David Smith, Patterns in Human Geography (Penguin, 1975). For instance: if the case study community (A) had 25 stores before the shopping centre arrived, and rural community B to the north had 100, and they were 9 kilometres apart, then the trading area of A would extend northwards 3 kilometres from A ($9/\sqrt{(1+100/25)}$). With the construction of a 75 store shopping centre in A, the trading area would extend northwards 4.5 kilometres from A ($9/\sqrt{(1+100/100)}$). This calculation must be done in all directions, for community C to the south of A, etc.

Population (year before construction to present).

Case Study Community - From the annual municipal census.

Trading Area of Community - From annual municipal census or estimates from the Census of Canada and various planning reports.

Assemble population projections prepared by the community or the province which were available beginning the year before construction.

Per Capita Incomes (use Census of Canada closest to year of construction, i.e., 1961, 1971 or 1981).

Calculate per capita income from the Census of Canada data on average household income divided by average household size, separately for the case study community, its trading area, Alberta and Canada.

Express per capita income in the community and its trading area as a percent of both Alberta and Canada.

Ascertain from the Alberta Treasury Bureau of Statistics figures on income tax returns by community whether per capita income growth from the case study community has been faster or slower than (1) the average for similar sized communities and (2) the Alberta average. Another source of income estimates is Statistics Canada's Income Estimates for Sub-Provincial Areas which, beginning in 1976, provides income estimates by census division.

Retail and Service Trade (year before construction to the present).

Trade data for the community may be obtained from the Alberta Treasury Bureau of Statistics publication Alberta Retail and Service Trade Statistics for various years. The retail and service trade statistics only should be assembled by principal kinds of business:

- Food and beverage.

The type of merchandise sold in department stores (DSTM) should be approximated by adding together the following categories:

- General merchandise and department stores;
- Apparel and accessories;
- Hardware and home furnishings; and
- Other retail.

Information on selected consumer services should also be collected:

- Personal services group; and
- Restaurants.

Starting with the year before the shopping centre was constructed, annual information for total employment, number of outlets and sales receipts should be collected. In general, the Alberta Treasury Bureau of Statistics figures tend to overstate the local trade, but it can be assumed that this overstatement is similar for all years.

Similar data should be collected for other Alberta communities in the same population range as the case study community and for the province as a whole.

Sales receipts should then be expressed as sales per capita and the number of persons required to support stores, by business type, in the case study community and in similar sized Alberta towns and Alberta as a whole.

Retail Sales (Canada, for year prior to construction, year after construction and the current year).

Information on food and DSTM sales should be collected for Canada (it should be noted that an Alberta base would lead to distortions for small communities as Woodward's food floor sales are included by the Statistics Canada under Alberta's department store sales and not under food stores). The Statistics Canada publication Retail Trade (Catalogue number 63-005) should be used. Food sales are kind of business categories 1 through 3, and DSTM sales are categories 4 through 7 plus 12 through 28.

This information for Canada should then be expressed as per capita sales.

Estimate Expenditure Potential Per Capita in the Case Study Community and its Trading Area (year prior to construction, year after construction and the current year).

Retail expenditure is sensitive to income: for example, as income rises, expenditure on department store type merchandise rises faster than expenditure on food. Clayton Research has estimated income elastisities from the Statistics Canada publication Family Expenditure in Canada, 1982:

Food index = 87.0 + 0.13 times the income index
DSTM index = 22.7 + 0.77 times the income index
Restaurant index = 3.0 + 1.03 times the income index
Services index = 46.3 + 0.56 times the income index

Thus, if the case study community has a per capita income that is 20 percent above the Canadian average, we would expect from the DSTM index that the potential DSTM expenditure per capita would be 22.7 + 0.77 x 120 = 115.1. Thus, if the Canadian average expenditure for DSTM were $3,000 per capita, a reasonable estimate for a community with an income 20 percent higher than the Canadian average would be $3,000 x 1.1151, or $3,453 per capita. The food and DSTM expenditures per capita may be estimated from the Canadian averages per capita and the restaurant and service expenditures may be estimated from the Alberta Bureau of Statistics figures (Statistics Canada does not collect information on service expenditures).

Estimate Total Expenditure Potential in the Case Study Community and its Trading Area (year prior to construction, year after construction and the current year).

The population of the case study community should be multiplied by the estimated per capita expenditure on food, DSTM, restaurants and services for the case study community; the calculation should also be performed for the trading area; the two results together provide an estimate of the total expenditure potential in the community and its trading area.

These potentials should then be compared to the actual sales in the community.

Economic History of the Case Study Community

Major economic and market influences on the case study community before and after the construction of the shopping centre should be documented (for instance, the expansion or contraction of large new employment generators, etc). This information should have been collected during the interviews.

Analysis of Retail Issues:

Was market growth greater or less than expected?

Did the population as well as the expenditure potential grow as fast as expected when the shopping centre was proposed? (Note: Detrimental impacts on existing retailers were frequently caused by the common practice of building shopping centres on the expectation of strong future growth before the market support had actually arrived).

Did retail sales increase faster than in comparable communities?

Did the retail and service sales in the case study community grow faster than the Alberta average for similar types of

communities? (A rapid growth of retail sales could indicate that the new shopping centre brought new business to the community).

Was the market growth sufficient to support a new shopping centre?

Were there enough dollars in sales growth to support the additional retailing? In the mid 1970s, market retail analysts used average required sales per square foot of $100 for DSTM space and $250 for food space for smaller communities. The new shopping centre's area of food store space and DSTM space should be multiplied by these factors to obtain its required sales performance. Compare these required retail sales with actual growth in retail sales in the year before and after the shopping centre's construction (in this comparison of a two year period, the effects of inflation can be ignored - indeed the required sales per square foot productivity factors did not change significantly over the 1970s decade). If the required growth did not occur, at least in the early years, then it is reasonable to assume that the productivity of many of the merchants in the case study community could have been detrimentally impacted by the new shopping centre.

Did the new shopping centre retain sales in the comunity and reduce sales leakage to other communities?

Did the ratio of actual retail and service sales in the case study community to retail and service spending potential in the case study community and the trading area change after the shopping centre was constructed? (A sharp rise in the ratio might indicate that less sales were leaking out of the community to the "big city").

Did the new shopping centre expand the community's area of influence?

Did the per capita sales in the community change faster or slower than the Alberta average? (A rapid rate of per capita sales might indicate that the trading area of the town had expanded). This can be confirmed by looking at the trading area maps prepared previously.

Which sales changes can be linked to the shopping centre and which changes to other economic and market forces?

Any aberrations in the annual sales data for the case study community should be related to (1) the date of construction and any expansion of the shopping centre, and (2) other facts about the community's economic history, such as known dates of the expansion or contraction of key local employers.

## PRODUCT

It should be possible to draw the following inferences from the foregoing analysis on:

- The strength of the market to support the shopping centre at the time of its construction and subsequently; and
- The degree and length of the market disruption that may have been caused to existing retailers if the market growth was not there when the centre was built.

## METHOD: WHAT IMPACTS OCCURRED ON OTHER MERCHANTS, NOTABLY IN THE DOWNTOWN?

The downtown retailers were probably the most affected by the construction of the peripheral shopping centre because an equal or more powerful competitor was established for their regional market. This section outlines the method for investigating the following types of questions: in what way, and to what extent, did the construction of a peripheral shopping centre change the downtown retail and service mix? What mitigative measures have been undertaken by the municipality to counteract these effects, and how successful have they been?

It may not be possible to establish a direct cause and effect between the shopping centre and the changes in the downtown. The best that may be possible is that some strong inferences may be drawn about these connections.

Information should be collected and analyzed on the following four aspects:

- The economic performance of the downtown;
- The economic performance of the shopping centre;
- Any mitigative measures taken to arrest any physical or market deterioration in the downtown; and
- Data on merchants at the time the shopping centre was built located outside downtown.

## Economic Performance of the Downtown

The following information should be assembled:

- The boundaries of the downtown of the case study community should be delineated and mapped (sources: General Plan, downtown retail businessmen and various planning documents).

- The downtown merchant mix in the year before and the year after the completion of the mall should be inventoried. Attention should also be paid to the other service and institutional activities located there (sources: assessment records and the Alberta Government Telephone archives). Alberta Government Telephones has a complete set of telephone directories for all years (an inventory of the types of stores downtown can be assembled from the addresses in the Yellow Pages, for instance).

- The merchant mix and other functions in the downtown in the current year should be inventoried (source: field survey). Special attention should be paid to the current "anchor" activities, those that generate traffic downtown (are there fewer of these activities now compared to the year before the mall was constructed?).

- Data on the current number and type of stores in the downtown should be assembled and compared to the period when the mall was constructed. Any changes in the number of chain and independent stores should be particularly noted.

- Historical and current vacancies in the downtown should be documented (sources: historical vacancies from interviews, current vacancies from the field survey) as well as any indications of "blight" and "decay" noted. Background information in the municipal archives, for the General Plan preparation for instance, should be examined to determine whether any records exist on the changing intensity of uses downtown (for instance, are there records of what functions were located on the upper floors of downtown buildings that can be compared to today's utilization as determined from field study?).

- The degree of the impacts on the downtown will be much clearer if the case study community is compared to (1) a community of comparable size where a mall was persuaded to locate in or near the downtown, or (2) a comparison with a community where no peripheral or downtown mall was constructed. Given the differences in market character and growth, were the effects on the downtown different and, if so, in what respect?

## Economic Performance of the Shopping Centre

The following information should be collected:

- An inventory of the merchant mix in the year after opening. Assessment records and old Alberta Government Telephone directories as well as information from the developer and the planners who were active at that time should be obtained and examined. How large was the shopping centre in terms of number and size of stores compared to the downtown?

- An inventory of the current merchant mix (source: field survey). How large is the shopping centre in terms of the number and type of stores compared to the current downtown?

- Obtain information on the number of vacancies in the mall from assessment records (for year after construction) as well as from the field survey. Information should be collected in the interviews with the developer and others on how the mall has performed over the years. Did it expand? Were vacancies common? Was the merchant turnover high? Did the mall owners oppose their municipal assessment because their business was bad? Indicators such as these can show the overall market acceptance of the shopping centre.

- Finally the retail and service activities located adjacent to the mall when it was constructed should be noted and compared with the type of activities located there today. Did the shopping centre act as a catalyst for development, and were the activities attracted near it the type of activities that would have located in the downtown area? Or were they, due to their size and dependence on passing automotive traffic, the type of activities that normally seek peripheral highway locations?

## Mitigative Measures Downtown

Any information should be collected from municipal documents and downtown business sources on the programs that have been implemented to improve the downtown retail economy. The aims, costs and demonstrable effects of these programs should be determined. What were they trying to counteract? When and if the General Plan policies on downtown revitalization were changed should be noted. A great deal of this information should have been collected in the interviews.

## Other Merchants

From the Alberta Retail and Service Trade Statistics, for the appropriate years, the merchant mix downtown and in the mall should be compared with the merchant mix in the remainder of the case study community (the latter is obtained by subtracting from the community's merchant mix the mix of stores in the downtown and in the shopping centre). How did the number and type of retailers change in all three locations? How did the relative importance of downtown, shopping centre and other retailers change? Did any retail or service group grow faster or slower than the others?

## Analysis of the Impacts on Other Merchants

### Did the downtown lose functions to the shopping centre?

By comparing the numbers and types of retailers in the downtown with those in the shopping centre, it will be clear if any key activities immediately left the downtown for the peripheral location. It would have been especially serious for the downtown retailers if some of the activities that moved were "anchor" activities which generated traffic downtown. Some traffic generators, such as the banks, utility bill payments and the post office, are probably still active in favour of the downtown merchants. But others, like a key supermarket or small department store, may have been diverted to the shopping centre. If the move occurred immediately on the opening of the shopping centre, then a direct causal link can be established (this can be confirmed in interviews). If a store moved to the general location of the shopping centre after a number of years, then a direct link may not be there. In the latter case, it would be useful to interview the retailer to determine the reasons for moving.

### What functions did the shopping centre bring to the community?

Did the shopping centre bring new retailers to the community that added to the variety and range of choice for consumers? Or, did the shopping centre bring an identical mix of merchants (but stronger national or regional chain merchants) to compete with the independent, local merchants who were located in the downtown?

### What effects can be detected on other retailing, especially the retailing near the shopping centre?

When the shopping centre was opened, was there neighbouring commercial activity? Was it detrimentally affected by the shopping centre? Were they less impacted than the downtown

merchants? And why? Or, has this neighbouring retailing developed due to the locational stimulus created by the shopping centre and, together with the shopping centre, both represent competition for the downtown merchants?

Was there an opportunity, and would it have been preferable, to locate the shopping centre downtown?

After the construction of a peripheral shopping centre, many municipalities adopted policies to direct any further shopping malls to the downtown area. The efficiency of this policy could be measured if a community where a mall was located downtown was compared with the case study community.

What were the effects of the mitigative measures on the downtown?

Did the programs that were implemented help the downtown mix of stores? In what fashion?

What were the costs and benefits of any downtown revitalization?

If the case study community has spent considerable time and resources on regenerating and remerchandising its downtown, then an issue arises of the comparative efficiency of public investment in the core versus private investment on the periphery. If this issue is relevant, and if it is to be investigated further, a step-by-step manual of how to conduct such as study, like the Federal Treasury Board's, Benefit-Cost Analysis Guide (March, 1976), may be employed.

PRODUCT

At the end of this analysis, the nature of the changes that occurred downtown, and their probable linkage to the arrival and operation of the shopping centre, should be much clearer.

METHOD: WHAT OTHER SIGNIFICANT IMPACTS OCCURRED SUCH AS THE NUMBER OF NEW JOBS CREATED?

The case study should investigate all the issues that were brought up in the discussion of the peripheral shopping centre when it was being proposed. It is of course impossible to cover all the possible issues in this present document. The approach to studying one further issue, however, is outlined in this section. Was there a net increase in employment in the case study community due to the construction and operation of the shopping centre?

The proponents of the shopping centre may have raised this issue as an ancillary advantage of the centre.

Outlined below is the methodology to investigate this question, i.e., to determine whether the shopping centre increased on-going total retail employment.*

## Net Increase in On-Going Employment

From the information supplied by the developer, or from standard employment factors per hundred square feet of gross leasable area (generally one employee per 300 square feet of retailing), the current and historic employment of the mall can be estimated. From the annual survey of Alberta retail employment (Alberta Retail and Service Trade Statistics), and from the information previously collected about vacancies downtown, an estimate can be made whether there was a net increase in retail employment in the community after the shopping centre was built.

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* The construction of the shopping centre would have stimulated a one-time increase in construction employment. To the extent that the shopping centre served more consumers outside its community, more jobs might have been stimulated within the community itself (a multiplier, or spin-off effect). Both those construction and multiplier effects are likely to be very modest, and may be excluded from the impact analysis.

## STEP THREE: INVESTIGATION AND QUANTIFICATION OF THE MUNICIPAL FINANCE IMPACTS

### PURPOSE

The purpose of step three is to identify all the costs both on-going and one-time capital outlays, the case study municipality has incurred because of the shopping centre being built and to compare these costs with all the municipal revenues flowing from the shopping centre.

The municipal Council may have been attracted to the peripheral shopping centre by the prospect of their municipal tax revenues from the centre greatly exceeding costs. Have the benefits been as large as expected? Are there offsetting capital or operating costs that were not considered, such as the public money required to prop up an ailing downtown or reduced property tax revenues from a deteriorating downtown?

### TASKS

Figure 2 shows the schema for the municipal finance impact analysis which addresses the following questions:

- Capital costs: Who paid to link the shopping centre to the municipal infrastructure of roads, sewer and water?
- Direct costs and revenues: Does the shopping centre "pay its way" in terms of the tax revenues paid exceeding the operating costs of the services it receives from the municipality? and
- Indirect costs and revenues: Are there offsetting costs and revenues that must be taken into account, such as increased municipal costs for a downtown revitalization program, or decreased municipal revenues from a blighted downtown?

### CAPITAL COSTS

The object of this part of the analysis is to identify what capital outlays (e.g., roads, sewer and water) were incurred to service the shopping centre and who paid for linking the shopping centre to the municipal infrastructure.

FIGURE 2

GENERALIZED SCHEMA OF MUNICIPAL FINANCE IMPACTS

**Prior to Construction:**

- **Capital Costs** → Who paid to extend the municipal infrastructure to the shopping centre?
  - **Infrastructure**
    - Storm Sewer
    - Sanitary Sewer
    - Water Supply
    - Road Corrections
    - Sidewalks
    - Street Lighting

**Year After Construction and Current Year:**

- **Increase in Revenues** → Direct impact of shopping centre on municipal revenues
  - **Municipal Revenues**
    - Property Tax
    - Business Tax
    - Business Licenses
- **Decrease in Revenues** → Indirect effect of shopping centre on downtown deterioration
  - **Downtown**
    - Property Tax
    - Business Tax
- **Increase in Municipal Operating Costs**
  - Direct impact of shopping centre on municipality to provide services
    - **Services to Property**
      - Administration
      - Fire Protection
      - Police Protection
      - Storm Sewer
      - Sanitary Sewer
      - Water Supply
      - Roads
      - Transit
      - Planning
  - Indirect impact of shopping centre on downtown revitalization
    - **Downtown**
      - Main Street Program
      - Business Area Strategies
      - Downtown Plans
      - Revitalization

There are four stages: identify the municipal "hard" services that needed capital investment to support the shopping centre; determine how much the developer paid of these capital costs; ascertain how much of the remaining costs the municipality paid out of its own revenues (i.e., excluding grants from other levels of government); and, lastly, determine how the municipality paid for its share of costs.

Identify municipal "hard" services needing capital investment

First the researcher should identify the municipal services that were extended to the shopping centre. These can include sewer (sanitary and storm) and water, as well as road improvements (such as a new access road, turning lanes and curb lanes) sidewalks and street lighting. Whereas the shopping centre may have been able to function on a private septic tank, its expanse of asphalted parking lot would certainly have needed some type of storm sewer system, probably a public rather than a private system.

How much did the developer pay of these capital costs?

Next, the researcher should determine from the development agreement between the shopping centre (i.e., and the municipality) whether the developer was required to pay for some or all of the service extensions. If the developer covered all the capital costs for municipal services, then none of the costs were borne by the residents of the municipality. If some or all of these capital costs were not paid for by the developer, then the next two points become relevant.

Ascertain the municipal share of capital costs

The third stage is to interview the treasurer of the case study community and to examine the capital budget of the appropriate period to determine the costs of the service extensions to the shopping centre. An interview with the local municipal engineer may help to put a historic cost on some of the service extensions.

The researcher should determine whether part of the cost was offset by provincial grants or grants from other governments. These funds should be deducted from the total municipal share of costs.

How did the municipality pay for their investment?

The final stage is to ascertain from the treasurer or old financial records how these costs were paid by the municipality whether they were financed out of general operating revenues, or whether they added to the debt load of the municipality.

The product of this analysis should be an indication of who paid the costs of municipal service extensions to the shopping centre when it was being built, and how these costs were funded.

## DIRECT OPERATING COSTS AND REVENUES

The objective of this phase is: (1) to estimate the operating costs attributable to the shopping centre; (2) to determine the on-going revenues derived from the shopping centre; and (3) to compare the results of these revenue and cost estimates. The analysis should be conducted for the first year after the construction of the shopping centre and for the current year. For both years, it is anticipated that municipal revenues derived from the shopping centre will exceed, usually by a significant margin the municipal costs of providing services to it.

### Municipal Operating Costs

A method is outlined here to estimate the municipal costs of providing services to the shopping centre. This method can be applied to the past as well as the present.

There are five stages: determine which municipal costs are affected; determine the municipality's net costs of providing these services to its residents and businesses; allocate a proportion of these total costs to commercial properties; express these costs as a ratio of total commercial assessment; and, finally, multiply this latter ratio by the assessed value of the shopping centre.

#### Determine the municipal services potentially impacted by the shopping centre

Municipalities incur most, if not all, of their costs in the provision of: (1) services to people, in their capacity of residents; and (2) services which accrue to both the owners and occupants of property. These services can be referred to as (a) services to people only, and (b) joint services to people and property, respectively. The construction of a shopping centre in a community will directly affect the demand for joint services, and not for the former.

Table FS3 of any municipal Financial Statement lists all the services provided by Alberta municipalities. Services provided to people only include the following:

- family and community support services;
- day care;
- other public health;

- cemeteries and crematoriums;
- public housing operations; and
- recreational and cultural services.

Joint services provided to both people and property include the following:

- administrative services;
- police department;
- fire fighting and preventive services;
- disaster service and emergency measures;
- by-law enforcement and other;
- common services and/or equipment pool;
- roads, streets, walks, lighting;
- airport services;
- public transit systems;
- storm sewers and drainage;
- water supply and distribution system;
- sanitary sewage service and treatment;
- garbage collection and disposal;
- municipal planning, zoning and development;
- community and/or agricultural services;
- subdivision land and developments; and
- land/housing/building rentals and other.

All these joint services may not be provided in the case study community selected.*

Obtain the total net cost to the municipality of the services impacted by the shopping centre

Table FS3 of the case study municipality's Financial Statement, column 3, shows the net cost of operating each of these services (that is, the cost to the municipality after government grants and other incidental revenues have been subtracted). The researcher should add together the net municipal cost of each of the joint services noted above to derive the combined net cost of all joint services.

Allocate the share of total net costs attributable to commercial property only

A commonly utilized method for allocating the municipal costs of joint services associated with a specific development or facility between residential and non-residential property is

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* Grand Prairie, for instance, is the only municipality in the group analyzed in detail in Appendix A that provides a public transit service.

as follows: to apportion the joint service costs according to the assessed values for residential and non-residential property.*

This ratio may be calculated from Table FR21, column 6, rows 1 and 22 of a municipality's Financial Statement. If commercial assessment represents one-fifth of total taxable assessment, for example, one-fifth of the total net operating costs of the joint services is attributable to all commercial properties in the municipality.

Express the combined net municipal costs for commercial property in terms of total commercial assessment

The net municipal costs for commercial property should be expressed in terms of net municipal costs per $100,000 of commercial assessment.

For instance, if the combined net municipal costs to service commercial property are estimated at $5 million (using the technique above), and if the Financial Statement shows that all commercial properties are assessed at $50 million, then the municipality is spending $10,000 to service each $100,000 of commercially assessed property.

Estimate the net municipal costs attributable to the shopping centre

The final step is to multiply the assessed value of the shopping centre by the net cost of providing municipal services per $100,000 of commercial assessment.

For instance, using the example above, if the shopping centre were assessed at $200,000 the estimated costs for the municipality to provide it with services would be $20,000.

This method will provide a rough "ballpark" of the municipality's cost of providing services to the new shopping centre. However, the researcher should be careful to note any unusual circumstances asssociated with the shopping centre in the case study community and should take these costs into consideration if they are large and if the researcher considers them to be appropriate.

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* This method has been called the proportional valuation method. See Robert W. Burchell and David Listokin, The Fiscal Impact Handbook, The Center for Urban Policy Research (Rutgers University Press, 1984).

## Municipal Operating Revenues

Municipalities obtain the bulk of their operating revenues from taxes on real property. Other sources of revenue include special assessments (local improvements), business taxes (only applicable in the City of Grande Prairie of the communities discussed in detail in Appendix A), grants in lieu of taxes from other governments as well as other incidential revenue sources such as user fees and business licences.

Property taxes for the shopping centre may be calculated by multiplying its assessed value by the municipality's non-residential mill rate. The assessed value may be obtained from the municipality's assessment roll and the non-residential mill rate may be obtained from Table FR22 of the current Financial Statement. This calculation will provide the bulk of the municipal revenues flowing from the shopping centre. Notably for the analysis of the year after the centre was constructed, the researcher should check that all the total assessed value of the shopping centre is recorded on the assessment roll (in order to calculate all the potential municipal revenues).

If the community imposes a business tax, a discussion with the assessor will reveal how it is being applied (business tax may be calculated either on the estimated amount of rental value generated in the centre or on a square foot basis).

Whereas other municipal revenues may be generated by the shopping centre (such as their business licences), and the researcher should investigate them, they are not a significant source of municipal revenue.

The addition of all these revenue sources will represent the amount of money that the municipality collects from the shopping centre.

## Net Costs or Net Benefits

When these estimated costs and revenues are combined, the magnitude of the annual benefit of the shopping centre to the municipality should be evident. Are these benefits as large as was expected by the proponents of the shopping centre?

In a small case study municipality, a final step would be to assess the degree to which these benefits are reflected in a lower mill rate for the residents (the larger the community, the less the impact on the mill rate, however).

## INDIRECT COSTS AND REVENUES

It is possible that this balance of municipal costs and revenues is affected, less directly, by other factors: the municipality might have lost revenues from the deterioration of its downtown; and the municipality could be spending taxpayers money in an effort to rejuvenate the downtown. If the previous retail research has been able to establish direct connections between the deterioration of the downtown and the arrival of the shopping centre, then the municipal finance implications of these additional factors should be investigated.

### Drop in Municipal Revenues Due to Downtown Decay

If the downtown in the case study community has deteriorated, it is possible that buildings have been torn down or left vacant, assessments have been appealed and, at a general reassessment, the loss of value in downtown property may have been reflected in lower assessments.

The municipal finance implications of these three forces should be considered:

#### Building demolition and vacancies

If demolitions and vacancies can be linked to the shopping centre, then the researcher can estimate the loss of property tax revenue and business tax revenue (where appropriate) for the demolished buildings and the loss of business tax revenue (where appropriate) on the vacant buildings.

Property tax losses can be estimated by multiplying the assessed value of the demolished building by the non-residential mill rate.* An interview with the assessor will assist in estimating the lost business tax revenues (for instance, they may be estimated by multiplying the average business tax derived per store by the number of stores vacant).

#### Assessment appeals

If the value of downtown property has deteriorated (due to lost business), then a series of assessment appeals may have occurred. From the records of these appeals, which will show the magnitude of the assessment reductions, the lost revenues to the municipality can be calculated.

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* Building demolitions will not affect the land component of the assessment.

## General reassessment

General reassessments are periodically conducted to bring assessments up to date with current market values and to account for changing economic conditions. If a general assessment has occurred between the date of the establishment of the shopping centre and the present, and if the downtown commerce has deteriorated, then it is probably that a general reassessment should have reflected the changed economic circumstances of the downtown businesses.

During an interview with the assessor, the researcher should determine whether the downtown buildings were treated any differently during the previous general reassessment. For instance, if the assessor estimates that assessed values declined five percent since the last reassessment, then this factor could be applied to the assessed value of all downtown properties to produce a general estimate of the lost tax revenues to the municipality. Because the downtown is such a significant component of total assessment in communities of 6,000 to 25,000 people, even a moderate real decline in downtown assessements could have significant ramifications on municipal revenues.

To confirm the assessor's estimate, a comparison could be made of how the assessed value of a downtown retail block has changed in comparison to the assessed value of the shopping centre (using the year after the construction of the shopping centre and the current year). If the assessed values have increased in tandem, then it would appear that the muncipality has not in general lost as a result of a general reassessment. In the downtown retail block, only buildings that were standing when the shopping centre was constructed should be considered (for instance, buildings demolished during the period should be excluded in the comparison). In the same fashion, any expansion of the shopping centre should be excluded to obtain a clearer comparison with its earlier assessment (if the assessor is not able to estimate the value of any expansion, the value of the smaller centre may be prorated on the basis of square feet).

## Costs of a Downtown Revitalization Program

If the case study municipality is investing its own time and money in rejuvenating the downtown retail environment, then this effort should probably be separated as a specific cost item from the general operating cost analysis conducted above.

The interviews with municipal officials as well as the documents on municipal finance will indicate the annual cost of such a program. Provincial contributions to any main street or downtown revitalization program should be excluded, as the object is to

determine the costs to the case study municipality. The researcher should carefully assess whether there were any significant investments entered into by the municipality in a previous year for downtown revitalization that should be costed separately (in general, all costs to serve debts incurred for downtown renewal will have been picked up in the estimates of municipal operating costs conducted above, however, the costs will have been shared over all property, commercial and non-commercial).

## PRODUCT

By now all the significant costs and revenues identified on the municipal finance impact schema of Figure 2 should have been quantified. Then the full advantages and disadvantages of the shopping centres impact on municipal finance will be evident.

It is anticipated that the capital costs borne by the municipality to supply the shopping centre will be small. If this is not the case, then the analysis for the year after the shopping centre was constructed should be tempered in the following manner: if the capital costs were paid from general operating revenues, the capital cost should be restated as a debt (at contemporary rates and terms); if the capital costs were borrowed, the actual costs should be separated as a specific cost item (and not allocated among all types of property as the proportional valuation method requires). The researcher should use judgement as to whether the capital costs for the shopping centre were large enough to warrant this special treatment.

## STEP FOUR: ASSESS THE IMPLICATIONS OF THE COMMUNITY'S EXPERIENCE WITH ITS SHOPPING CENTRE

The final step is to draw together the material that has been collected in step 1, and analyzed in steps 2 and 3, into a coherent assessment of the effect and implications of constructing a peripheral shopping centre on the small Alberta community selected as a case study.

Three themes will figure prominently in this assessment:

- What degree of impact was registered in the community?

  There are two sides to this question: the factual information concerning the nature of the impacts themselves; and whether the magnitude of these impacts was what was expected by the decision makers when they approved the shopping centre. Of interest too, in the consideration of the tradeoffs between the winners and the losers, are the impacts that were unexpected (but occurred, nevertheless).

- What was the success of mitigative measures prior to or subsequent to the centre's construction?

  This question addresses two issues: whether the decision makers tried, either initially or subsequently, to temper the expected impacts of the shopping centre on the community; and their relative success in doing so.

- How effective was the planning process?

  Of prime importance in this question is how the public interest was conceived, how it was defined and how it was applied during and after the shopping centre debate, as well as how it was reassessed. A planning process is effective if actions are linked to the community's stated goals and objectives:

  - Did the community have clearly stated retail objectives in its General Plan? (this would be somewhat unusual as the enclosed shopping centre was a new, vibrant and somewhat unexpected urban form in the early 1970s and the community might not have been fully prepared for all its implications);

  - If the General Plan had policies supporting the downtown, how was the shopping centre promoted and justified? Was there an attempt to locate it in the downtown? and

- If Council finally changed the General Plan to support the downtown and prohibit more peripheral shopping centres, was it too little, and too late?

If a downtown revitalization program was initiated, the central questions become not only the effectiveness of the actions but also the relative efficiency of the private capital investment on the periphery (to establish new retail opportunities) versus the public investment in the central area of the community (to counteract the competitive pressures of the shopping centre).

One of the reasons why this case study is being undertaken is to learn about and improve the planning process in Alberta communities. The report on the case study should deal in some depth with the general implications of the historical experience for contemporary Alberta communities and should note whether a range of responses are feasible when the urban structure is faced with a new development challenge like a peripheral shopping centre.

# APPENDIX A

## EVALUATION OF ALBERTA'S TOWNS AND CITIES AS POTENTIAL CASE STUDIES

# EVALUATION OF ALBERTA'S TOWNS AND CITIES AS POTENTIAL CASE STUDIES

This Appendix outlines the work already undertaken to identify potential case study communities in Alberta. The Department of Municipal Affairs determined that a population range of between 6,000 and 25,000 would be adequate for the analysis.

This Appendix is divided into two sections that correspond to the steps of the analysis: the reasons why many communities were excluded from consideration; and details of the communities that seem to have potential as case studies.

## REASONS FOR EXCLUDING MANY ALBERTA COMMUNITIES AS CASE STUDIES

Forty-three communities were reviewed and the following were tentatively excluded from further analysis for the following reasons:

- Many were too close to a large city

  It was assumed that the impacts of a shopping centre on a community's downtown would not be as distinct in a complex market area where many other shopping centres were operating. Consequently the communities in the economic sphere of Edmonton, Calgary and Lethbridge were excluded from consideration.

  This criteria excluded: Airdrie, Coaldale, Fort Saskatchewan, Lacombe, Leduc, Morrinville, Spruce Grove, St. Albert and Stoney Plain.

- The urban population was too large

  This criteria excluded Fort McMurray, Lethbridge, Medicine Hat and Red Deer.

- The community does not appear to have a coherent shopping centre

  This criteria excluded Edson, Okotoks, Rocky Mountain House, Slave Lake, Taber, Wainwright and Whitecourt.

- The community was too divided by physical barriers

  This criteria excluded Crowsnest Pass and Hinton.

- The shopping centre was built recently

  It was thought that if a shopping centre was built in the last year or two, then all the impacts may not have had time to develop.

  This criteria excluded High River and Peace River.

## COMMUNITIES THAT APPEAR TO BE SUITABLE AS POTENTIAL CASE STUDIES

The following communities were studied in greater detail to determine their suitability as case studies:

- The City of Grande Prairie (population 24,100)

  There was considerable controversy surrounding the construction of Prairie Mall (1974, 256,000 square feet) some 2 kilometres north of the downtown. Extensive documentation exists in the city archives. This documentation includes consultant reports, petitions, Council debates and clear policies in the 1974 and 1978 General Plans. The Daily Herald Tribune has good coverage of the 1972 debate on the construction of Prairie Mall.

  This information is based on the following contacts: Janette Fergusson, assistant to the Clerk (539-8000); Joe Calenda, South Peace River Planning Commission (532-0988); and the Daily Herald Tribune, 532-1110 (its records go back for all years but 1978).

- City of Lloydminster (Alberta population 9,200; total population 15,000 approximately)

  The City has instituted a new Development Plan policy that restricts new shopping centres to the downtown core. The successful Lloydmall (1974, 190,000 square feet) is designated as part of the downtown on the Alberta side of the provincial border. There is good background retail information in the latest update of the Development Plan.

  This information was based on a discussion with Gordon Fedoruk, Planning Officer, Prairie Unit (427-2125).

- City of Camrose (population (12,800)

  Camrose had a new mall, anchored by a 67,000 square foot Zellers, constructed on its eastern periphery in 1977.

There was a reasonable degree of debate and apprehension regarding the decision to permit the mall to be built. However, it appears that the fears were proven to be not so great, in fact, than was anticipated. Indeed, the downtown area of Camrose thrived, while the mall had to struggle to establish itself. There seems to be available good background information in the Council minutes and archives.

This information was based on discussions with Donald Saunders, City Manager (429-2041).

- City of Wetaskiwin (population 10,000)

There was some controversy surrounding the construction of the Wetaskiwin Mall (1979, 145,000 square feet). Adequate documentation exists in the city archives and other retail studies have been undertaken in this city (K. Driver, Wetaskiwin Downtown, 1985). The 1974 General Plan has excellent data on the downtown and the 1980 General Plan states that the shopping centre initially detracted from the downtown market but positive impacts were later identified. The current General Plan restricts new shopping centres to the downtown core.

This information is based on the following contacts: Mary Hopfe, City Clerk (352-3344); Bob Botham, Battle River Regional Planning Commission (424-6310, 352-2215); and Dave Truscott, editor of the Wetaskiwin Times (352-2221).

- Town of Brooks (population 9,400)

While Cassil Centre (1977, 100,000 square feet) is located on the urban periphery, it is only five blocks away from downtown. There appears to have been a gradual (not pronounced) shift of the retail focus away from the downtown but the impact effects do not appear to have been serious. While the 1978 General Plan suggests that "the community core should be encouraged to expand on a compact basis", there are no policies for shopping centre location in this plan.

Information based on a discussion with Steve Welling, South East Alberta Regional Planning Commission (527-3326).

- Town of Vegreville (population 5,300)

There was a minimum of contention and debate when the Husky Mall (87,000 square feet) was constructed in the late 1970s four blocks from the main downtown intersec-

tion. As a result, a search of the municipal files revealed that very little information was available. This is different from other issues that were controversial for which there are abundant municipal records.

The mall is said to have integrated well with other retail businesses in the town. The 1983 revision of the General Plan, however, stipulates that no new retail malls will be permitted outside the downtown core, which is described as "healthy".

This information is based on discussions with the following people: Lillian Pehowich, City Clerk, and Vern Harrold, Development Officer (420-1021, 632-2606); and Gary Golden, Secretary-Treasurer, Chamber of Commerce (632-2771).

- Town of St. Paul (population 5,000)

  There are some indications of detrimental impact of the local mall, although the planning record is somewhat scarce.

  This information is based on a discussion with Dr. Cadden, Planning Officer (427-2225).

- Town of Bonnyville (population 4,700)

  From the initial investigation, there appear to be no records of adverse impact of the Bonnyville Mall (pre 1980, 60,000 square feet).

  This information is based on a discussion with Dr. Cadden, Planning Officer (427-2225).

- Town of Westlock (population 4,400)

  Municipal records are scarce on the Westlock Mall (1979, 50,000 square feet) and the general impression is that the impact effects of this mall were not adverse.

  This information is based on a discussion with Dr. Cadden, Planning Officer (427-2225).

# APPENDIX B

## CHECKLIST OF QUESTIONS THAT MAY BE ASKED DURING THE INTERVIEWS

## CHECKLIST OF QUESTIONS
## THAT MAY BE ASKED DURING THE INTERVIEWS

The following is a checklist of questions which will cover basic data and will reveal most of the important impact issues:

- Inventory of documents
  - What documentation exists on the shopping centre?

- Chronology of events
  - What happened?

- Data about the shopping centre and the community
  - When was the mall proposed? When was it approved and built? What was its original size, anchors and tenants? Were there any expansions, if so when, and what? Who are the tenants today? What other changes have occurred?
  - What was the local economy like when the mall was constructed? And what is it like today? What information is available on population, employment and incomes, then and now?
  - Did the shopping centre conflict with other retail commitments? If so, how? How was this issue resolved? How did the mall relate to other commitments defined in the General Plan?
  - What was changed for the mall: General Plan, land use by-law, subdivision, etc.?
  - What type of development control agreement was imposed by the community? Did the developer pay all the capital costs associated with the shopping centre, or did the developer obtain concessions from the municipality?
  - What was the population of the town and its trading area when the mall was proposed? What population and income growth was expected? Were there any discrepancies between the developer's expected population growth and municipal projections? What actually happened?
  - What municipal services were and are provided to the shopping centre? And at what cost?
  - Did the mall attract other development near it after its construction? Was this development controlled by the General Plan and zoning, etc.? Might this development have gone closer to the downtown if there had not been a shopping centre?
  - Has the shopping centre been a success? What has the vacancy rate been like? Has there been a significant tenant turnover?

- The debate on the shopping centre

  - Was there a dispute about the shopping centre? If not, why not?
  - What concerns were expressed? What impacts were expected, and which impacts were not expected (and occurred)? What was done about both?
  - What predictions were made about the impact of the centre? Did they prove to be true?
  - What were the perceptions and opinions about the impact from the downtown merchants, the neighbouring facilities, the town's residents, politicians, market research and planning professionals? Were they proved to be correct?
  - Was a market study carried out by the developer and submitted to the community? What nature of evaluation was carried out to test the veracity of the facts of this document?
  - How did the various actors in the debate respond to the concerns?

- Impacts on the downtown

  - What impacts were anticipated on the downtown? And when was the downtown supposed to recover?
  - What impacts were visible after the shopping centre was constructed? Were there vacancies downtown? Did this situation persist? Has downtown continued to decay?
  - How much money and effort has the municipality spent to reinvigorate the downtown? What policies now protect the downtown commerce? What policies existed when the shopping centre was proposed?
  - Is there a clear demarcation of the downtown in planning documents? Has the downtown changed in area and in tenant mix? How do the number of stores compare now and then?
  - How much assessment was and is generated from the downtown and what proportion is it of the municipal total?

- How the shopping centre functions

  - Which population groups are well served by the mall? Which ones are not? (such as seniors living close to the downtown).
  - How has the mall changed the shopping patterns and the life of the community? Do people travel to "the big city" as frequently now, and what documentation exists about this matter?
  - What is the current trading area of the community? How many people live in this area? Has it expanded or contracted?

- Has the shopping centre become, by its own actions and promotions, a "community focus"? What types of promotions were run, and did they match the community needs? (such as "driver derbys", where children learn road safety from the local police, etc.) Were they better than the ones run by the downtown merchants?

- Community perceptions

  - Have community perceptions about the mall evolved? How? When? Why?
  - What appealed most to the community about the mall? What appealed least?

- The planning process

  - What were the strengths, and the defects, of the municipal planning process? How sophisticated was the community's response to the construction of the shopping centre? Did the community realize all the possibilities and the problems? And if so, what did they do about them?
  - When did the commitment begin to start downtown development?
  - What do the General Plans and other municipal documents say about shopping centre development, and downtown protection and revitalization?

Whereas all the above questions may not be relevant for all the respondents, they will elicit the central flow of the historical record and the primary impact issues of concern in each case study community.